

BILL # SB 1066

TITLE: ASDB; students FIRST funding

SPONSOR: Garcia

STATUS: As Introduced

REQUESTED BY: Senate

PREPARED BY: Jake Corey/Eric Jorgensen

FISCAL ANALYSIS

Description

Current statute requires the School Facilities Board (SFB), by January 1 of each year, to report to the State Treasurer the amounts the board estimates it will require in the following fiscal year to fund K-12 school district new school construction and building renewal projects. In the following fiscal year the State Treasurer shall transfer to SFB, without a legislative appropriation, the estimated amounts from Transaction Privilege Tax (TPT) revenues.

The bill would require SFB to include new school facilities and building renewal funding estimates for the Arizona State Schools for the Deaf and the Blind (ASDB) in its annual transfer instructions to the State Treasurer.

Estimated Impact

The bill would have an estimated one-time General Fund cost of approximately \$28 million, consisting of \$27 million for new construction and \$1 million for building renewal, according to SFB. Based on current SFB estimates, on an annual basis the bill would have a General Fund cost of approximately \$1 million for building renewal. Additional costs for new construction will depend on future enrollment growth.

New construction through SFB is currently debt financed. If debt financing continues, the new construction cost of \$27 million will be spread over a 15 year period. Building renewal costs are not debt financed.

Analysis

SFB bases its funding estimates for new school facilities on an assessment of a school district's existing square footage and its enrollment projections. Building renewal is funded on a building by building basis. Estimates for building renewal are based on the current statutory formula calculation. That formula takes into account a building's square footage, age, and any prior renovations.

In accordance with current statute, SFB conducts a biennial evaluation of the ASDB campuses to calculate the funding ASDB would receive under the SFB guidelines. SFB, however, does not include this estimate in the instructions to the Treasurer. This bill would instruct SFB to include those estimates. Although SFB would receive funding for ASDB, those monies would not be distributed until ASDB submitted a capital plan requesting those funds.

The first year of funding is expected to be much higher than subsequent years because of the current space deficit at ASDB under the SFB formula. Based on the SFB calculated minimum space of 875 square feet per student for ASDB, the Phoenix campus is adequate for 125 students while the Tucson campus can accommodate 266 students. Current enrollment at Phoenix is 272, while Tucson has 266 students. Based on enrollment growth estimates, SFB indicates that Phoenix will have a space deficit of 198,906 square feet and Tucson will have deficit of 45,636 square feet with a total cost of \$27 million for new construction (see Table 1). The additional space on the Phoenix campus would nearly triple the schools current size. As these space deficits are eliminated, the subsequent costs of new construction will depend on enrollment growth. Building renewal is estimated at \$1 million per year.

Table 1				
Cost of ASDB Space Deficit				
<u>Campus</u>	Est. Student <u>Count</u>	Current <u>Sq. Ft.</u>	SFB Formula <u>Sq. Ft.</u>	New Construction <u>Cost</u>
Phoenix	353	109,696	308,602	\$22,247,600
Tucson	318	232,964	278,600	<u>5,104,400</u>
TOTAL				\$27,352,000

Currently, ASDB is included in the Arizona Department of Administration (ADOA) system for building renewal. Under the ADOA estimates, ASDB would be eligible for up to \$815,000 in FY 2006 and \$917,500 in FY 2007. However, under the ADOA system, ASDB must compete with other state agencies for building renewal funds. In FY 2005 ASDB received \$75,000 from ADOA for Building Renewal.

Local Government Impact

None

2/4/05